

February 27, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
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From: David E. Janssen
Chief Administrative Officer

FEDERAL LEGISLATIVE UPDATE

Bioterrorism Preparedness Briefing

On February 25, 2002, Reginald Todd, the County's Washington, D.C. advocate attended a briefing on the Federal Bioterrorism/Public Health Preparedness Program convened by the Department of Health and Human Services (DHHS) for State officials in conjunction with the National Governors Association's Winter meeting. As Chair of the County's Board of Supervisors, Zev Yaroslavsky was invited to attend the briefing. Los Angeles County is one of only four local jurisdictions which qualify for direct HHS bioterrorism funding.

Reginald Todd reported that the briefing focused on program expectations, important benchmarks, and plans to assist State and local governments in the development of their plans to prepare for bioterrorism and related public health emergencies. The County's Department of Health Services (DHS) did not send representatives because HHS staff advised that a regional workshop would be held on March 5, 2002 in San Francisco to which DHS would be invited to send representatives.

Temporary Assistance for Needy Families (TANF) Reauthorization

On February 26, 2002, the Bush Administration unveiled more details of its proposals to reauthorize the TANF program, which expires at the end of Federal Fiscal Year (FFY) 2002. Highlights of its TANF reauthorization proposals include:

TANF Funding Level: Reauthorizes TANF through FFY 2007 and freezes annual block grant funding at the current level of \$16.6 billion with no adjustments for inflation.

State Maintenance of Effort (MOE) Requirement: Maintains the current requirement that states contribute at least 80 percent of the amount that they spent under Aid to Families with Dependent Children (AFDC), which TANF replaced. States which meet mandated work participation requirements have a lower 75 percent MOE requirement. California currently qualifies for a 75 percent MOE requirement, which means that the State currently must contribute at least \$2.9 billion in State MOE funds to qualify for its \$3.7 billion annual TANF allotment.

Transfer Authority to the Title XX Social Services Block Grant (SSBG): Increases the percentage of TANF funds that states may transfer to SSBG to 5 percent in FFY 2004, 6 percent in FFY 2005, 8 percent in FFY 2006, and 10 percent in FFY 2007.

Child Care and Development Block Grant (CCDBG): Maintains CCDBG entitlement funding at the FFY 2002 level of \$2.7 billion.

Work Participation Requirements: Increases work participation rate requirements that states must meet in order to avoid Federal-imposed fiscal sanctions, as follows:

- Increases the percentage of TANF families with one or more adults who must participate in work-related activities by 5 percent each year from the current 50 percent rate to 70 percent by FFY 2007, and eliminates the current separate 90 percent participation rate requirement for two-parent families. Also phases out the current caseload reduction credit which reduces the work participation rate requirement by one percentage point for each percentage point drop in a state's TANF caseload below the 1995 level. The caseload reduction credit would be halved in FFY 2004 and eliminated in FFY 2005.
- Increases the number of hours that adults must participate in work activities to count towards the work participation rate requirement from the current 30 hours to 40 hours.

- Requires adults to participate in either subsidized or unsubsidized work, on-the-job training, or community work experience for at least 24 hours a week to count towards the work participation rate, with the exception that participation in substance abuse treatment, rehabilitative services, and job training may count towards the 24-hour requirement for up to three consecutive months in any 24-month period.
- Requires all recipients to be engaged in a work-related activity within 60 days of first receiving TANF assistance.

These changes will make it far more difficult and costly for states to meet work participation rate requirements. For example, requiring all recipients to participate in a work activity within 60 days and requiring 40 hours a week of work participation will significantly increase employment services and child care costs even though the Administration is proposing no increase in TANF or child care block grant funding. As a result, states may be forced to reduce eligibility, grants, or other services to pay for these higher costs.

The elimination of the caseload reduction credit, in effect, increases the work participation rate requirement for California because the State's welfare caseload has fallen since 1995. It also means that the State will have to meet the higher work participation rate while, at the same time, assisting harder to employ recipients who remain on TANF. It is noteworthy that the caseload reduction credit was included as part of the 1996 welfare reform law not only to reward states for their effectiveness in helping recipients to become self-sufficient, but also in recognition that the smaller number of remaining welfare recipients are likely to be less employable, making it harder to meet work participation rate requirements.

Discontinuation of Waivers Granted Prior to the 1996 Welfare Reform Law: Discontinues state waivers granted prior to the 1996 welfare reform law. Depending on how the Administration's bill language for this proposal is drafted, the State's continued ability to use TANF funds to serve juveniles in county probation camps could be jeopardized. A County-supported provision in the 1996 welfare reform law allows TANF funds to be spent on any activity previously allowed under a state's AFDC plan, including juvenile probation services which would have been prohibited under an AFDC program guidance issued when the welfare reform legislation was pending before Congress.

Five-Year Time Limit: Retains the five-year lifetime limit for Federal-funded TANF assistance and the current state option to exempt up to 20 percent of its caseload from the time limit without penalty.

Other Bush Administration Welfare Reform Proposals

Besides releasing more details of its TANF reauthorization proposals, the Administration also unveiled other welfare reform proposals, including:

Promotion of Healthy Marriages: Provides up to \$300 million for programs to encourage healthy marriages, including \$100 million redirected from the existing TANF High Performance Bonus Fund. The current TANF goal to encourage the formation and maintenance of two-parent families also would be revised to read “to encourage the formation and maintenance of healthy two parent married families and responsible fatherhood.”

Benefits for Legal Immigrants: Retains the current five-year ban of TANF and Medicaid benefits to newly arrived legal immigrants, and allows legal immigrants to receive Food Stamps five years after entry into the U.S. Under current law, most legal immigrants are barred from receiving Food Stamps until they have worked for 40 quarters or become a naturalized citizen.

Food Stamps Reforms: Simplifies program administration (e.g., standardize medical and dependent care deductions); modifies quality control fiscal sanctions (e.g., impose sanctions only on states with error rates above the 75th percentile of state error rates for two years rather than above the national average for one year); exempts one vehicle per adult from program asset tests; and phases in a higher standard deduction for large households.

Program Integration and State Flexibility: Allows states to seek waivers to integrate funding and program rules across a broad range of public assistance and workforce programs, including TANF, Food Stamps, Workforce Investment Act, public housing, and homeless assistance programs; and provides states with greater flexibility in meeting program goals through waivers which are determined to be likely to succeed and cost neutral by the relevant Cabinet secretary.

Child Support Enforcement: Provides Federal matching grants to encourage states to pass through a portion of child support collections to families that receive TANF; provides states the option of providing families that left welfare the full amount of child support collected on their behalf; requires states to review child support orders for TANF families every three years; and requires state to collect an annual child support user fee of \$25 from families that have never received TANF when child support enforcement efforts on their behalf are successful (note: user fee revenues would be shared between the Federal and state governments).

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State Criminal Alien Assistance Program (SCAAP)

On February 27, 2003, the House Judiciary Committee voted to recommend that SCAAP be funded at a level of \$650 million in FFY 2003 as part of its views and estimates on the FFY 2003 Budget that will be communicated to the House Budget Committee. In comparison, SCAAP is funded at \$565 million in the current year, and the President proposed the elimination of SCAAP in his FFY 2003 Budget. Representatives Berman, Schiff, and Waters from the County's delegation serve on the House Judiciary Committee and are strong supporters of increased SCAAP funding.

We will continue to keep you advised of any new developments.

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